

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION
RECEIVED

COMMISSIONERS

KRISTIN K. MAYES, CHAIRMAN 2010 MAY -6 A 11: 23

GARY PIERCE

PAUL NEWMAN

SANDRA D. KENNEDY

BOB STUMP

AZ CORP COMMISSION
DOCKET CONTROL

E-01750A-10-0179

IN THE MATTER OF THE
APPLICATION OF MOHAVE ELECTRIC
COOPERATIVE, INC., AN ARIZONA
NON-PROFIT CORPORATION, FOR
AUTHORIZATION TO SECURE A
\$28,075,000 RUS GUARANTEED
FEDERAL FINANCING BANK LOAN
AND TO PLEDGE, MORTGAGE, LIEN
AND/OR ENCUMBER UTILITY ASSETS
IN RELATION THERETO.

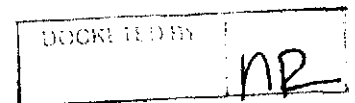
DOCKET NO. E-01750A-10-_____

FINANCING APPLICATION

(Expedited Processing Requested) COMMERCIAL

DOCKETED

MAY - 6 2010



Pursuant to A.R.S. §§40 -285 and 40-301 *et seq.*, Mohave Electric Cooperative, Inc. ("MEC" or the "Cooperative"), through its counsel undersigned, submits the following Financing Application ("Application") requesting an Order from the Arizona Corporation Commission ("Commission") authorizing MEC to borrow \$28,075,000.00 (the "Loan") from the Federal Financing Bank ("FFB Bank"), guaranteed by the Rural Utilities Service ("RUS") to finance the Cooperative's Construction Work Plan and the execution of loan documents and the granting of liens and encumbrances on MEC's utility assets. Over 2.5 million dollars of the loan proceeds will be used to deploy communication and data collection equipment critically important to MEC's eventual development and deployment of Smart Grid programs and MEC requests prompt action on this Application so it can initiate this important step toward implementing Smart Grid programs. In support of its Application, MEC states as follows:

1 1. MEC is a nonprofit corporation and public service corporation. A copy of
2 its certificate of good standing is attached as **Exhibit A**.

3 2. MEC holds a Certificate of Convenience and Necessity ("CC&N") to
4 provide electric service to its customers in Mohave, Yavapai, and Coconino Counties in
5 Arizona.

6 3. The Commission has jurisdiction over MEC and the subject matter of this
7 Application.

8 4. MEC currently provides electric service to approximately 44,000
9 customers through 1,500 miles of distribution and transmission line within its 1,270 square
10 mile service area.

11 5. MEC is a distribution cooperative providing the lines, substations,
12 switches, transformers, meters and administrative functions necessary to provide electric
13 service to its members/customers. MEC has no generating capacity of its own and is a Partial
14 Requirements Member of Arizona Electric Power Cooperative, Inc. ("AEPSCO").

15 6. The Cooperative has two service areas with one bordered by the Colorado
16 River between Bullhead City and Golden Shores and the other including territory in the
17 vicinity of Kingman running South to a westerly location approximately parallel to Lake
18 Havasu City. Portions of MEC's service territory are sparsely populated, but the Bullhead
19 City and Kingman areas are experiencing rapid growth.

20 7. MEC staff, in collaboration with Electrical Consultants, Inc. reviewed the
21 Cooperative's transmission and distribution system to identify areas that MEC should address
22 to continue providing adequate, efficient and reliable electric service to its customers and
23 prepared a Construction Work Plan encompassing the period 2008 – 2011. A copy of MEC's
24 Construction Work Plan was provided to the ACC Staff prior to the filing of this Application
25 subject to the statutory confidentiality protections afforded MEC. Additional copies will be
supplied to Staff upon request.

1 **8.** The Cooperative's Work Plan enumerates capital expenditures on
2 transmission and distribution system upgrades and new infrastructure necessary to provide for
3 expected growth in MEC's service territory and to maintain its plant in sound operating
4 condition. These expenditures relate to new underground and overhead distribution lines for
5 line extensions to new customers, new tie lines, conversions and upgrades of existing
6 distribution lines, upgrades of substations and installation of transformers and transmission
7 facilities.

8 **9.** The Work Plan includes the deployment of \$2,500,050 in communication
9 and data collection equipment critically important to MEC's eventual development and
10 deployment of Smart Grid programs. This initial phase will take approximately three (3)
11 years to complete and is not intended to provide new programs initially, but rather is intended
12 to provide MEC: a) the data necessary to evaluate the implementation of cost-effective Smart
13 Grid programs with and for its members in the future and b) the backbone communication and
14 data collection equipment from which MEC can implement Smart Grid programs in the future
15 subject to securing the financing and installation of the additions and modifications to that
16 backbone system necessary to implement the particular programs.

17 **10.** In addition to normal and routine Operations and Maintenance
18 replacements and additions (involving approximately 93.22 additional miles of distribution
19 line, 2 miles of tie-ins and 14.7 miles of conversions and line changes), a few items of note in
20 the Work Plan that is the basis for the loan package are: 1) Conduct a new Sectionalizing
21 Study to replace the one performed in 1995 in the amount of \$45,000; 2) Construct the new
22 Natural Corrals substation near Wikieup, Arizona for reliability and load growth in the amount
23 of \$395,185; 3) Upgrade of the Bullhead Substation Transformer to 12/16/20 for load growth
24 and reliability in the amount of \$310,000; 4) Rebuild the distribution line from Riviera to
25 Lipan to support reliability and load sectionalizing needs in the amount of \$61,796; 5) Install
an initial phase of AMR/AMI technology including the installation of approximately 17,000

1 new Smart Meters in the amount of \$2,500,050; 6) Install a low-cost SCADA system for data
2 acquisition for distribution system data such as load profiles, power factor, outage duration,
3 outage locations, and voltage control in the amount of \$300,000; 7) Install additional fiber
4 optic conductor to complete the existing communication system in the Bullhead City area in
5 the amount of \$209,789; and 8) Inject Cablecure to direct buried cables built in the early
6 1970s to address high level of outages in the amount of \$500,000. A copy of the RUS Form
7 740c included in the RUS Loan Application specifying the accounts and amounts involved in
8 the financing is attached hereto as **Exhibit B** and is incorporated herein by reference. A copy
9 of the RUS Loan Application was delivered to ACC Staff prior to the filing of this Application
10 subject to the statutory confidentiality protections afforded MEC. Additional copies will be
11 supplied to Staff upon request.

12 **11.** On August 14, 2009, MEC's Board of Directors authorized the
13 Cooperative to make application for long-term financing from FFB/RUS pursuant to 7 CFR
14 Part 1710 in the amount of \$28,075,000.00 with a maturity date to cover an approximate
15 period of thirty-five (35) years for construction of facilities identified in the Construction
16 Work Plan and as shown on RUS Form 740c, as amended from time to time. A copy of
17 MEC's Board of Directors Resolution authorizing the Cooperative to make application for
18 long-term financing from RUS for \$18,053,000.00 to fund MEC's Construction Work Plan is
19 attached hereto as **Exhibit C** and is incorporated herein by reference.

20 **12.** On August 14, 2009 Amendment No. 1 to the Work Plan was approved
21 by RUS to extend the work plan period through June 30, 2013 to match the loan period and to
22 correct certain budget codes.

23 **13.** MEC's Loan request was approved by RUS in January 2010, a copy of
24 which is attached as **Exhibit D** and is incorporated herein by reference.

25 **14.** The Loan is for lawful purposes, within MEC's corporate powers,
compatible with the public interest, within sound financial practices, and within the proper

1 performance by MEC as a public service corporation. The Loan will not impair the
2 Cooperative's ability to provide electric service to its customers as a public service corporation
3 and, in fact, is necessary to fund necessary and appropriate system improvements and
4 upgrades for MEC to provide reliable electric service to the public.

5 **15.** MEC proposes to execute and deliver to FFB a promissory note (the
6 "Note") at a variable interest rate payable as set forth in the Note. MEC estimates that the
7 average interest rate on the Note will not exceed five percent (5%). The interest rates for FFB
8 loans guaranteed by RUS closely reflect the interest rate for United States Treasury bonds.
9 The interest rate on the Note will be determined on the day of drawing down on the Note.
10 MEC will provide a copy of the Note to the ACC's Staff when it becomes available to MEC.
11 The Note will be secured by a mortgage (Restated Mortgage and Security Agreement - with
12 the United States of America as the mortgagee – the "Mortgage") and will be subject to an
13 RUS Loan Contract that imposes rigid conditions for RUS' monitoring of MEC's financial
14 condition.

15 **16.** The Loan and all borrowing to finance the Work Plan is dependant upon
16 authorization by this Commission and any amendment to the RUS Work Plan is subject to
17 RUS approval.

18 **17.** It is necessary to the proper operation of MEC's electric distribution and
19 transmission system that the Loan/Note, RUS Loan Contract and Mortgage be authorized by
20 the Commission, and that the same be executed, and the proceeds be applied to the
21 construction and operation of MEC's distribution and transmission system consistent with
22 MEC's Construction Work Plan, as that Plan may be amended from time to time subject to
23 RUS approval, provided the total loan proceeds secured under this authorization do not exceed
24 the \$28,075,000 amount authorized.

1 **18.** A copy of MEC's unaudited Financial and Statistical Report (RUS Form
2 7) for the period ending December 31, 2009 is attached hereto as **Exhibit E** and is
3 incorporated herein by reference.

4 **19.** The aggregate amount of securities outstanding, and proposed to be
5 outstanding, will not exceed the fair value of MEC's properties and business.

6 **20.** MEC is preparing to publish notice substantially in the form attached
7 hereto as **Exhibit F** and will docket proof of publication when available.

8 **21.** All correspondence with regard to this Application should be sent to:

9
10 Michael A. Curtis, Esq.
11 William P. Sullivan, Esq.
12 Larry K. Udall, Esq.
13 Curtis, Goodwin, Sullivan,
14 Udall & Schwab, P.L.C.
15 501 East Thomas Road
16 Phoenix, Arizona 85012
17 Phone: (602) 393-1700
18 Fax: (602) 393-1703
19 E-mail: mcurtis401@aol.com
20 wsullivan@cgsuslaw.com
21 ludall@cgsuslaw.com

22 With a copy to:

23 Mr. Tyler Carlson, CEO
24 Mohave Electric Cooperative, Inc.
25 Post Office Box 1045
 Bullhead City, Arizona 86430

26 WHEREFORE, MEC having fully stated its Application and showing that it is
27 in the public interest for the Cooperative to obtain the Loan to ensure an adequate, efficient
28 and reliable transmission and distribution system to serve its customers, requests that the
29 Commission:

1. Accept this Application for filing;

1 2. Issue a Procedural Order setting forth the type and manner of any
2 additional notice that may be required;

3 3. Authorize MEC to borrow \$28,075,000.00 for the lawful purposes set
4 forth in this Application, and to authorize the Cooperative to take such actions necessary and
5 appropriate to secure the Loan and to pledge, mortgage, lien and encumber its utility assets;
6 and

7 4. Grant such other relief as may be in the public's interest.

8 DATED this 6th day of May, 2010.

9 CURTIS, GOODWIN, SULLIVAN,
10 UDALL & SCHWAB, P.L.C.

11 By: 
12 _____

13 Michael A. Curtis

14 William P. Sullivan

15 Larry K. Udall

16 501 East Thomas Road

17 Phoenix, Arizona 85012-3205

18 Attorneys for Mohave Electric Cooperative,
19 Inc.
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Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Lyn Farmer, Chief Hearing Officer
Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Janice Alward, Esq.
Chief Legal Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Steven M. Olea, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

By Mary Walker
1234/-18-7-1(Pleadings,MEC Finance Application (2010)

EXHIBIT A

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Ernest G. Johnson, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****MOHAVE ELECTRIC COOPERATIVE, INCORPORATED*****

a domestic nonprofit corporation organized under the laws of the State of Arizona, did incorporate on July 3, 1946.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Nonprofit Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-3122, 10-3123, 10-3125, & 10-11622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 4th Day of May, 2010, A. D.




Executive Director

By: _____ 465686

EXHIBIT B

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 10 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

This data will be used by RUS to review your financial situation. Your response is required (7 USC 801 et seq.) and is not confidential.

USDA-RUS COST ESTIMATES AND LOAN BUDGET FOR ELECTRIC BORROWERS				Form Approved OMB No. 0572-0032	
To: U.S. Dept. of Agriculture, RUS, Washington, D. C. 20250				BORROWER AND LOAN DESIGNATION AZ22 AF8 MOHAVE	
INSTRUCTIONS See tabs "Pg1 thru" through "Pg4 thru"				COST ESTIMATES AS OF: (Month, Year) Jun-09	
SECTION A. COST ESTIMATES				LOAN PERIOD 4 YEARS	

1. DISTRIBUTION					BORROWER'S COST ESTIMATES	RUS USE ONLY
100 a. New Line: (Excluding Tie-Lines)						
<u>Construction</u>	<u>Consumers</u>		<u>Miles</u>			
101 Underground	4,347		49.54	\$ 6,158,519		
102 Overhead	2,034		43.68	3,091,528		
Total Consumers	6,381		93.22			
Total Miles						
Less Contributions					(4,960,793)	
Subtotal (New Line - code 100)					\$ 4,289,254	
200 b. New Tie-Lines						
	<u>Line Designation</u>		<u>Miles</u>			
200.44	Construct 3-ph 477 OH Tie, Willow Dr. east of Hwy 95, WV Circuit 3		0.50	\$ 50,000		
200.45	Construct 3-ph 477 OH Tie, Courtwright to Mtn. View Rd., Swan Circuit 1		1.50	150,000		
Subtotal from page 1A			Miles			
Subtotal (Includes subtotals from pages 1A)			Miles		\$ 200,000	
300 c. Conversion and Line Changes						
	<u>Line Designation</u>		<u>Miles</u>			
300.22*	Replace 1-ph #6 Cu line with 1/0 ACSR line, Hualapai Ckt 2		2.20	\$ 165,000		
300.28	Rebuild 3-ph 1/0 ACSR to 4/0 ACSR OH Narrow Profile, Hualapai Circuit 3		5.00	500,000		
300.29	Convert 3-ph 1/0 ACSR to 477 MCM Dbl-Ckt, Davis to Hwy 68, Bullhead Circuit 1		0.50	65,000		
300.30	Convert 3-ph 1/0 ACSR to 477 MCM, Hwy 68 S to existing 477, Bullhead Circuit 1		1.00	130,000		
300.31	Convert 3-ph 2 ACSR to 477 MCM, North of Locust Blvd., Airport Circuit 1		0.50	70,000		
300.32	Convert 3-ph 1/0 ACSR to 477 MCM, Swan Circuit 3		1.50	150,000		
300.34	Add CableCure to existing 1-ph UG, Willow Valley, Willow Valley Circuit 2		2.00	250,000		
300.35	Add CableCure to existing 1-ph UG, Valley Vista, Hualapai Circuit 3		2.00	250,000		
Subtotal			Miles	14.70	\$ 1,580,000	
Contributions in Aid of Construction					0	
Subtotal			Miles	14.70	\$ 1,580,000	
400 d. New Substations, Switching Stations, Metering Points, etc.						
	<u>Station Designation</u>	<u>MVA</u>	<u>kV to kV</u>			
400.40*	Natural Corrals	5	69 / 12.4 kV	\$ 395,185		
Subtotal				\$ 395,185		

* Decreased by \$968 to round down to nearest \$1,000.

SECTION A. COST ESTIMATES (cont.)

BORROWER'S
COST ESTIMATES

RUS USE ONLY

b. New Substation, Switching Station, etc.

Station Designation

kVA

kV TO kV

Subtotal From Page 3A

Subtotal

-

\$ -

c. Line and Station Changes

Line/Station Designation

Description of Changes

1000		
1000.01*	Riviera to Lipan	Rebuild 266 MCM to 1021 ACCC

Subtotal From page 3A through 3C

Subtotal

\$ 61,796

\$ 61,796

d. Other Transmission Items

(1) 30 Transmission Poles and 30 Crossarms

(2) Reimbursement of General Funds (See Attached)

1100		
1103		

Subtotal

\$ 4,893,517

\$ 4,893,517

TOTAL TRANSMISSION.....

\$ 4,955,313

\$ 4,955,313

3. GENERATION (including Step-up Station at Plant)

a Fuel

Nameplate Rating

kW

b.

1200		
1201		
1202		

TOTAL GENERATION.....

\$0

\$0

4. HEADQUARTERS FACILITIES

a. New or additional Facilities

(Attach RUS Form 740g)

b.

1300		
1301		
1302		

TOTAL HEADQUARTERS FACILITIES

\$0

\$0


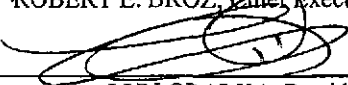
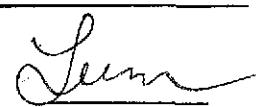
COST ESTIMATE AND LOAN BUDGET FOR ELECTRIC BORROWERS		BORROWER AND LOAN DESIGNATION		AZ22 AF8 MOHAVE	
SECTION A. COST ESTIMATES (cont.)			BORROWER'S COST ESTIMATES	RUS USE ONLY	
1400	5. ACQUISITIONS				
1401	a.	Consumers	Miles	\$ -	
1402	b.			\$ -	
TOTAL ACQUISITIONS.				\$ -	
1500	6. ALL OTHER				
1501	a	GIS Hardware			
1502	b	GIS Software			
1503	c	Field Inventory (75% of total estimated cost)			
1504	d.				
1505	e.				
TOTAL ALL OTHER.				\$ -	
SECTION B. SUMMARY OF AMOUNTS AND SOURCES OF FINANCING					
1. GRAND TOTAL - ALL COSTS				\$ 28,075,000	
2. FUNDS AND MATERIALS AVAILABLE FOR FACILITIES					
a. Loan Funds				\$ -	
b. Materials and Special Equipment				\$ -	
c. General Funds					
Purpose 1 \$ -					
Purpose 2 \$ -					
Purpose 3 \$ -					
Purpose 4 \$ -					
Total General Funds Applied				\$ -	
d. Total Available Funds and Materials				\$ -	
3. NEW FINANCING REQUESTED FOR FACILITIES				\$ 28,075,000	
4. RUS LOAN REQUESTED FOR FACILITIES. 100%				\$ 28,075,000	
5. TOTAL SUPPLEMENTAL LOAN REQUESTED				\$ -	
National Rural Utilities Cooperative Finance Corporation					
Name of Supplemental Lender					
6. CAPITAL TERM CERTIFICATE PURCHASES (CFC Loan only) .. 0%				\$ -	
7. SUPPLEMENTAL LOAN REQUESTED FOR FACILITIES. 0%				\$ -	
8. 100% SUPPLEMENTAL LOANS (SEE RUS Bulletin 20-40, Att. C)*				\$ -	
* Identify in section A by budget purpose and separate subtotals.					
SECTION C. CERTIFICATION					
We, the undersigned, certify that:					
1. Upon completion of the electrical facilities contained herein and any others uncompleted at this time but for which financing is available, the system will be capable of adequately and dependably serving the projected load for the loan period as contained in our current RUS approved Power Requirement Study and Construction Work Plan.					
2. Negotiations have been or will be initiated with our power supplier, where necessary, to obtain new delivery points and/or additional capacity at existing ones to adequately supply the projected load upon which this loan application is based.					
3. The data contained herein and all supporting documents have, to the best of my knowledge, been prepared correctly and in accordance with RUS Bulletin 20-2.					
8/14,2009		 ROBERT E. BROZ, Chief Executive Officer			
Date					
8/14/2009		 LYN OPALKA, President			
Date					
MOHAVE ELECTRIC COOPERATIVE, INCORPORATED					
Corporate Name of Borrower					
GFR Initials 					

EXHIBIT C

BOARD RESOLUTION

MOHAVE ELECTRIC COOPERATIVE, INCORPORATED

REQUESTING GUARANTEED FEDERAL FINANCING BANK (FFB) LOAN

WHEREAS, it has been determined on the basis of the current Construction Work Plan that financing is needed for electric facilities as shown on RUS Form 740c, Cost Estimates and Loan Budget for Electric Borrowers, as follows:

RUS Guaranteed Federal Financing Bank (FFB)

Loan Requested for Facilities

\$28,075,000

NOW THEREFORE BE IT RESOLVED, that Mohave Electric Cooperative, Incorporated makes application to the Rural Utilities Service pursuant to 7 CFR Part 1710 for a guaranteed FFB loan in the approximate amount of \$28,075,000 to be used in accordance with the provisions of 7 CFR Part 1710 to finance the above mentioned facilities.

BE IT ALSO RESOLVED, that the RUS guaranteed FFB loan shall bear a maturity date to cover an approximate period of thirty-five years.

BE IT ALSO RESOLVED, that the Board of Directors of Mohave Electric Cooperative, Incorporated authorizes its officers to execute and attest all necessary papers, documents, and applications related to the foregoing.

BE IT FURTHER RESOLVED, that the manager/chief executive officer is authorized on behalf of the Borrower (a) to execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices and refinancing election notices, in the form of such instruments attached to the note payable to FFB, and (b) to specify information and select option as provided in such instruments.

BE IT FURTHER RESOLVED, that the Mohave Electric Cooperative, Incorporated hereby authorizes the RUS to release appropriate information and data relating to the application to the FFB and any existing supplemental lenders.

CERTIFICATION OF SECRETARY

I, CHESTER MORELAND, Secretary of Mohave Electric Cooperative, Incorporated, do hereby certify that the above is a true and correct copy of a resolution adopted at the meeting of the Board of Directors of Mohave Electric Cooperative, Incorporated on August 14, 2009, at which a quorum was present and voted.


CHESTER MORELAND, Secretary

SEAL

EXHIBIT D



Original mailed 1/19/10

United States Department of Agriculture
Rural Development

Ms. Lyn R. Borah
President
Mohave Electric Cooperative, Inc.
P.O. Box 1045
Bullhead City, Arizona 86430-1045

JAN 05 2010

Dear Ms. Borah:

We are pleased to advise you that a loan guarantee commitment in the amount of \$28,075,000 has been approved for Mohave Electric Cooperative, Inc. (Mohave Electric), by the Rural Utilities Service (RUS). Under this commitment, RUS will guarantee a loan of \$28,075,000 to Mohave Electric from the Federal Financing Bank (FFB) under the terms and conditions set forth in the Note Purchase Commitment and Servicing Agreement dated as of January 1, 1992, as amended, between RUS and FFB. The proceeds of the guaranteed loan, designated "AF8", are to be used by Mohave Electric to finance only the system extensions and additions described in the RUS Form 740c, Cost Estimates and Loan Budget for Electric Borrowers, dated August 14, 2009, enclosed and made a part hereof. Written approval by RUS must be obtained prior to the advancement of any loan proceeds for use for system extensions and additions that are not specifically listed on the attached RUS Form 740c.

The "AF8" loan contract and related documents, together with instructions, will be forwarded in the future for execution. The "AF8" loan is approved with the understanding that the loan documents will be authorized and executed by your organization and returned to us by the date set forth in the letter transmitting the documents.

Please note that this letter does not constitute an approval to advance the loan proceeds. Proceeds are eligible for advancement on the "AF8" after all conditions below have been met and the proper advance request documentation has been submitted to RUS:

1. The RUS has entered into a contract of guarantee with Mohave Electric, and the FFB has agreed, with RUS approval, to make Mohave Electric a guaranteed loan of \$28,075,000 to finance the system extensions and additions described on the enclosed RUS Form 740c;
2. Mohave Electric has submitted evidence, in form and substance satisfactory to the Administrator, that the conditions in the contract of guarantee have been satisfied to the extent and in the manner prescribed by the Administrator;
3. Mohave Electric has submitted evidence, in form and substance satisfactory to the Administrator, that Mohave Electric has duly authorized, executed, and has delivered to the Administrator a RUS loan contract, the FFB Note and the Reimbursement Note in the manner prescribed by the Administrator; and
4. Mohave Electric has submitted evidence, in form and substance satisfactory to the Administrator, that Mohave Electric has duly authorized, executed, delivered,

1400 Independence Ave, S.W., Washington DC 20250-0700
Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination, write USDA, Director, Office of Civil Rights,
1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (Voice) or (202) 720-6382 (TDD).

recorded, and filed a mortgage or other security instrument, if required, which is in form and substance satisfactory to the Administrator.

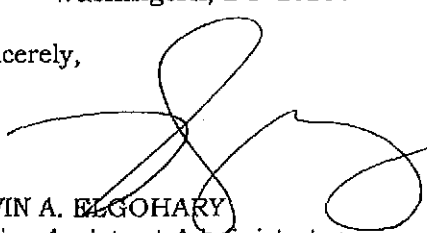
Please note that the approval of this loan guarantee commitment is an offer to Mohave Electric of the "AF8" guaranteed loan. Your acknowledgment and acceptance of the "AF8" guaranteed loan is subject to the specified terms and conditions identified above. Your acknowledgement and acceptance must be received by RUS, by signature, within 14 calendar days from the date of this letter; otherwise, the commitment will be VOID. The Chairman or the Board President authorized by your organization to execute the loan documents must execute, date, and return this commitment. The executed and dated commitment may be faxed or scanned and e-mailed to:

Ms. Robin Heller
Facsimile Number: [202] 205-2920
E-Mail Address: LoanCommitment@wdc.usda.gov

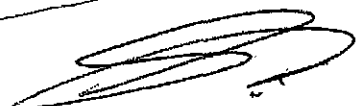
The original executed and dated commitment must immediately follow by mail to:

Ms. Robin Heller
U.S. Department of Agriculture,
Rural Development Utilities Programs, Electric
1400 Independence Avenue, SW
Room 0221-S, Stop 1567
Washington, DC 20250

Sincerely,


NIVIN A. ELGOHARY
Acting Assistant Administrator
Electric Programs
Rural Utilities Service

ACKNOWLEDGED AND ACCEPTED BY:


[Name] Lyn Opaika
Board President
[Title-Loan Approver]

Enclosure - RUS Form 740c

1/19/2010
[Date]

cc: ✓ Mr. Robert E. Broz, General Manager/CEO
NRUCFC
CoBank

EXHIBIT E

PRELIMINARY

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION AZ0022
FINANCIAL AND STATISTICAL REPORT	PERIOD ENDED December, 2009
INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.	BORROWER NAME
This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.	MOHAVE ELBC COOP INC

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

☐ All of the obligations under the RUS loan documents have been fulfilled in all material respects.

☒ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

Monica C. Uy 4/12/2010
DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	75,522,263	72,374,613	74,455,306	5,102,280
2. Power Production Expense				
3. Cost of Purchased Power	60,279,822	58,273,522	56,495,180	4,119,014
4. Transmission Expense	94,771	374,367	266,880	38,516
5. Distribution Expense - Operation	2,018,055	2,407,214	2,243,575	229,280
6. Distribution Expense - Maintenance	1,156,550	1,397,297	1,277,071	108,992
7. Customer Accounts Expense	1,976,277	2,332,076	2,080,465	191,907
8. Customer Service and Informational Expense	167,852	149,340	100,738	6,851
9. Sales Expense	141,415	121,191	155,510	(7,307)
10. Administrative and General Expense	4,274,868	4,301,235	4,654,110	596,242
11. Total Operation & Maintenance Expense (2 thru 10)	70,109,610	69,356,242	67,173,529	5,283,495
12. Depreciation and Amortization Expense	1,802,335	2,176,551	1,894,929	456,605
13. Tax Expense - Property & Gross Receipts				
14. Tax Expense - Other				
15. Interest on Long-Term Debt	2,273,712	2,208,733	2,201,523	186,207
16. Interest Charged to Construction - Credit				
17. Interest Expense - Other	103,791	118,932	107,000	10,569
18. Other Deductions	35,855	7,397	(1,000)	2,295
19. Total Cost of Electric Service (11 thru 18)	74,325,303	73,867,855	71,375,981	5,939,171
20. Patronage Capital & Operating Margins (1 minus 19)	1,196,960	(1,493,242)	3,079,325	(836,891)
21. Non Operating Margins - Interest	351,129	499,868	325,000	108,171
22. Allowance for Funds Used During Construction				
23. Income (Loss) from Equity Investments	110,369	110,369	0	110,369
24. Non Operating Margins - Other	13,742	4,256	10,000	4,256
25. Generation and Transmission Capital Credits	5,999,029	6,340,428	0	528,369
26. Other Capital Credits and Patronage Dividends	92,892	158,148	95,000	0
27. Extraordinary Items				
28. Patronage Capital or Margins (20 thru 27)	7,764,121	5,619,827	3,509,325	(85,726)

PRELIMINARY

USDA - RUS FINANCIAL AND STATISTICAL REPORT			BORROWER DESIGNATION AZ0022		
INSTRUCTIONS - See RUS Bulletin 1717B-2			PERIOD ENDED December, 2009		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	602	255	5. Miles Transmission	108.59	108.59
2. Services Retired	43	28	6. Miles Distribution - Overhead	1,051.81	1,055.27
3. Total Services in Place	43,042	43,269	7. Miles Distribution - Underground	324.47	345.60
4. Idle Services (Exclude Seasonals)	4,381	4,693	8. Total Miles Energized (5 + 6 + 7)	1,484.87	1,509.46
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	88,368,545		29. Memberships	161,310	
2. Construction Work in Progress	428,827		30. Patronage Capital	59,826,634	
3. Total Utility Plant (1 + 2)	88,797,372		31. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort	33,642,088		32. Operating Margins - Current Year	5,005,334	
5. Net Utility Plant (3 - 4)	55,155,284		33. Non-Operating Margins	614,493	
6. Non-Utility Property (Net)	0		34. Other Margins and Equities	2,019,444	
7. Investments in Subsidiary Companies	0		35. Total Margins & Equities (29 thru 34)	67,627,215	
8. Invest. in Assoc. Org. - Patronage Capital	26,465,308		36. Long-Term Debt - RUS (Net)	14,814,629	
9. Invest. in Assoc. Org. - Other - General Funds	3,515		37. Long-Term Debt - FFB - RUS Guaranteed	17,087,876	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	810,718		38. Long-Term Debt - Other - RUS Guaranteed	0	
11. Investments in Economic Development Projects	0		39. Long-Term Debt Other (Net)	7,239,213	
12. Other Investments	2,000,000		40. Long-Term Debt - RUS - Econ. Devel. (Net)	0	
13. Special Funds	982,539		41. Payments - Unapplied	0	
14. Total Other Property & Investments (6 thru 13)	30,262,080		42. Total Long-Term Debt (36 thru 40 - 41)	39,141,718	
15. Cash - General Funds	1,076,010		43. Obligations Under Capital Leases - Noncurrent	0	
16. Cash - Construction Funds - Trustee	7		44. Accumulated Operating Provisions and Asset Retirement Obligations	0	
17. Special Deposits	0		45. Total Other Noncurrent Liabilities (43 + 44)	0	
18. Temporary Investments	18,100,000		46. Notes Payable	0	
19. Notes Receivable (Net)	1,866,223		47. Accounts Payable	4,249,706	
20. Accounts Receivable - Sales of Energy (Net)	3,325,221		48. Consumers Deposits	2,131,282	
21. Accounts Receivable - Other (Net)	2,034,900		49. Current Maturities Long-Term Debt	1,623,839	
22. Materials and Supplies - Electric & Other	2,132,276		50. Current Maturities Long-Term Debt -Economic Development	0	
23. Prepayments	1,112,373		51. Current Maturities Capital Leases	0	
24. Other Current and Accrued Assets	198,930		52. Other Current and Accrued Liabilities	2,067,301	
25. Total Current and Accrued Assets (15 thru 24)	29,845,940		53. Total Current & Accrued Liabilities (46 thru 52)	10,072,128	
26. Regulatory Assets	0		54. Regulatory Liabilities	0	
27. Other Deferred Debits	10,186,389		55. Other Deferred Credits	8,608,632	
28. Total Assets and Other Debits (5 + 14 + 25 thru 27)	125,449,693		56. Total Liabilities and Other Credits (35 + 42 + 45 + 53 thru 55)	125,449,693	

<p>USDA-RUS</p> <p>FINANCIAL AND STATISTICAL REPORT</p> <p><i>INSTRUCTIONS - See RUS Bulletin 1717B-2</i></p>	<p>BORROWER DESIGNATION</p> <p>AZ0022</p> <p>PERIOD ENDED</p> <p>December, 2009</p>
<p>PART D. NOTES TO FINANCIAL STATEMENTS</p>	
<p>Pre-Audit Report</p>	

EXHIBIT F

PUBLIC NOTICE OF
AN APPLICATION FOR AN ORDER
AUTHORIZING THE ISSUANCE OF \$28,075,000 INDEBTEDNESS

Mohave Electric Cooperative, Inc. ("Company") filed an Application with the Arizona Corporation Commission ("Commission") for an order authorizing Applicant to borrow \$28,075,000 from the Federal Financing Bank guaranteed by the Rural Utilities Service to finance the Company's RUS approved Work Plan. The Application is available for inspection during regular business hours at the office of the Commission in Phoenix, Arizona as Docket No. E-01750A-10-_____ and at the Company's office in Bullhead City, Arizona.

Intervention in the Commission's proceedings on the application shall be permitted to any person entitled by law to intervene and having a direct substantial interest in this matter. Persons desiring to intervene must file a Motion to Intervene with the Commission which must be served upon applicant and which, at a minimum, shall contain the following information:

1. The name, address and telephone number of the proposed intervenor and of any person upon whom service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding.
3. Whether the proposed intervenor desires a formal evidentiary hearing on the application and the reasons for such a hearing.
4. A statement certifying that a copy of the Motion to Intervene has been mailed to the Applicant c/o Michael A. Curtis, Curtis, Goodwin, Sullivan, Udall & Schwab, PLC, 501 East Thomas Road, Phoenix, Arizona 85012.

The granting of Motions to Intervene shall be governed by A.A.C. R14-3-105, except that all Motions to Intervene must be filed on, or before, the 15th day after this notice.